SHRI CHHOTUBHAI PATEL : Sir, Gujarat is not getting sufficient good quality coal. ... (*Interruptions*)

MR. CHAIRMAN : I have to cover more questions, please.

SHRI RAJNI RANJAN SAHU : I am a Member from Bihar. Coalmines are mostly in Bihar.

MR. CHAIRMAN : Please. I have taken so much time. I want to cover some questions. We cannot limit ourselves to only one or two questions in one Question Hour.

... (*Interruptions*)

Average production of Tobacco per Acre

*442 DR. YELAMANCHILI SIVAJI : Will the Minister of COMMERCE be pleased to state :

(a) what is the average production of F.C.V. tobacco per acre;

(b) what is its average realisation; and

(c) what is the per acre amount of excise revenue Government earns therefrom either directly or indirectly ?

THE MINISTER OF COMMERCE (SHRI PRANAB MUKHERJEE) : (a) to (c) A statement is laid on the Table of the House.

Statement

(a) and (b) As per estimates made by the Tobacco Board the average production of FCV tobacco during 1991-92 was about 419 kg. per acre (farm weight) and the average price realisation was Rs. 30.03 per kg.

(c) Excise duty is levied on cigarettes, not on raw tobacco. The rate of duty is related to the length of the cigarette and the fact whether it is a filter or non-filter cigarette. Further, the excise duty is on the total cost of the finished product which includes cost of dry weight tobacco, filter tipping paper, flavours etc. and there is no way of precisely assessing the amount of excise revenue earned by Government for FCV tobacco produced per acre.

DR. YELAMANCHILI SIVAJI : Sir, I seek your protection. I believe in the efficiency and intelligence of the Minister, but I do not know why the hon. Minister is purposely suppressing the information.

Part (c) of my question is :

> "What is the per acre amount of excise revenue Government earns therefrom either directly or indirectly ?"

The hon. Minister says :

> "Excise duty is levied on cigarettes, not on raw tobacco. The rate of duty is related to the length of the cigarette and the fact whether it is a filter or non-filter cigarette. Further, the excise duty is on the total cost of the finished product which includes cost of dry weight tobacco, filter tipping paper, flavours etc. and there is no way of precisely assessing the amount of excise revenue earned by Government for FCV tobacco produced per acre."

If the Minister completes the answer to part (c) of my question, I will put my supplementary.

MR. CHAIRMAN : What is your supplementary ? You put your supplementary. Do not have three supplementaries. You ask your supplementary right now.

DR. YELAMANCHILI SIVAJI : Sir, the hon. Minister says that the per-acre yield of FCV tobacco is 419 kg. It is a fact that FCV, flue-cured virginia, tobacco is grown both in Andhra Pradesh and in Karnataka. In about 3.5 lakh acres tobacco is grown, and they produce 150 million kg. Half of it is intended for export, and the remaining half is meant for domestic consumption. It is a fact that each kilogramme of tobacco yields 1,250 cigarettes. Therefore, Sir, the cost of each piece of cigarette ranges from 12 paise to 85 paise. So the total tax revenue collected by the Excise Department on cigarettes is to the tune of Rs. 2500 crores.

MR. CHAIRMAN : You know the answer already. Have you got to ask a question ? Please ask the question.

DR. YELAMANCHILI SIVAJI : I am asking, Sir. Please bear with me. Since the Minister says that there is no way out to assess the excise return, I am giving my formula.

75 million kgs of tobacco intended for cigarettes is produced in 1.75 lakh acres, it should be divided by the total earnings. It amounts to more than Rs. 1.5 lakhs per acre, or in another way on one kg. tobacco basis you calculate it. This leads to the same. On the other hand, the Minister says that they do not calculate it because of various components like filter, flavour, paper, etc. But the fact is that on all these items taxes have already been levied. So there is no point in computing these figures again for levying excise duty.

MR. CHAIRMAN : Do you want the Minister to answer your question or comment on your ...(interruptions) .... .. Please complete your question and sit down. You cannot go on talking like this.

DR. YELAMANCHILI SIVAJI : So, why has the Government failed to take into consideration these two formulae ? Why has the Minister failed to take into consideration these two formulae ?

SHRI PRANAB MUKHERJEE : Firstly, the hon. Member is aware that excise duty is levied not on raw tobacco but it is levied on the manufactured items and there have been a number of cases. The House is fully aware that when excise duty is levied on the manufactured items, there are two modes of duties. One is specific rate of duty and another is *ad valorem* rate of duty. Excise duty is levied on cigarettes. Cigarette is a product of tabocco. But there are certain other incidental costs also. On the basis of that, excise duty is levied on cigarettes.

The hon. Member wanted to know what the excise revenue per acre would be and how it could be computed. Out of the total tobacco which we are producing, nearly 69,000 tonnes are exported. That is not subjected to any excise duty because that is raw tobacco. Out of 69,000 tonnes, part of it is being used for manufacturing cigarettes. On raw material no excise duty is being levied. Excise duty is being imposed on manufactured items. That is the basic principle.

The hon. Member has given some formula which is interesting, I would like to work on it. But it will lead us to nowwhere. The basic principle of levying excise duty is not on raw materials but on the finished products. So there is no question of either misleading the House or telling that it is possible. It is simply not possible.

In respect of the other question. I do not know what he wants to know. But this mode of determining the rate of excise duty per acre of tobacco production is simply not possible.

DR. YELAMANCHILI SIVAJI : Sir, I am certain that the hon. Minister wants to suppress facts and I seek your protection.

MR. CHAIRMAN : Please ask your second question.

DR. YELAMANCHILI SIVAJI : The hon. Minister repeatedly says that there are two kinds of tax structures. One is specific rate of duty and another is *ad valorem*. In this case, it is only specific duty and there is no *ad valorem* duty. So there is no point bringing that *ad valorem* structure here. On cigarettes there is only specific duty structure available.

On the second aspect, he says that it is not possible. I want to know from the Minister why it is not possible. I fail to understand it. The total number of acres, the number of cigarettes produced and the total revenue collected on cigarettes could be worked out or else the per kg cigarette production.

MR. CHAIRMAN : I would suggest that the Member can discuss with the Minister later on. If you want, you go to his chamber and discuss about it. Please ask your second question.

DR. YELAMANCHILI SIVAJI : I am asking my question, Sir.

MR. CHAIRMAN : If you have a question....

DR. YELAMANCHILI SIVAJI : My point is....

MR. CHAIRMAN : I want your question, not the point.

SHRI S. JAIPAL REDDY : On some occasions, the point itself is a question.

SHRI DIPEN GHOSH : Mr. Chairman, Sir, he is making a pointed question.

DR. YELAMANCHILI SIVAJI : The point is that this year....

SHRI V. NARAYANASAMY : You say : The question is. Why do you say 'the point is' ?

DR. YELAMANCHILI SIVAJI : Sir, the question is that even though the auction platforms are open for the last month or so, only six million kilogram tobacco has been purchased so far and there is a glut in the market. As a result of it the growers are suffering a lot. In spite of the fact that this item gives a revenue of Rs. 2500 crores to the Government, no measure has been taken to relieve the farmers from the glut. I would like to know what steps the Government proposes to take to relieve the farmers from the existing glut in the tobacco area.

SHRI PRANAB MUKHERJEE : In reply to a question on the floor of this very House just a couple of week back, I had referred to the fact that this year we have some problems. Russia is one of the important importers of our raw tobacco. It had agreed to lift 25,000 tonnes of it. My information is that because of some problems it lifted only 15,000 tonnes and 10,000 tonnes of tobacco is yet to be lifted. We are persuading the Russians to buy some more tobacco so that the necessary relief could be extended. As I mentioned there should be some sort of a balance between production and consumption—consumption, both taking into account the domestic consumption and the consumption in the external market. That exercise is also being done. That is the job of the Tobacco Board. It has to regulate the production in such a manner that there is no unnecessary glut in the market and that the growers do not suffer.

श्री भूपेन्द्र सिंह माण : सभापति महोदय, मंत्री जी ने कुछ जवाब दिया है । मैं इससे बड़े संक्षेप में यह पूछना चाहता हूं कि 419 किलोग्राम प्रति एकड़ की प्रोडक्शन है, अगर 419 किलोग्राम तम्बाकू को सिगरेट में बदल दिया जाए तो उसके ऊपर क्या एक्साइज ड्यूटी आएगी, यह बताने की कृपा करें ? यह सीधा सिम्पल सा है कि वह एक एकड़ की होगी । अगर इसमें कुछ और न किया जाए इस प्रोडक्शन को सिर्फ सिगरेट में बदल दिया जाए तो क्या हालत होगी, कितना रेवेन्यू एक्साइज ड्यूटी के रूप में सरकार को मिलेगा ? यह बताने की कृपा करें ।

SHRI PRANAB MUKHERJEE : It would have been much simpler if the entire tobacco produced by the growers is used for the cigarette manufacture. Part of it is exported and part of it is used in domestic consumption in the Beedi and in the form of Hukka tobacco, which are not being ... (*Interruptions*).

Dr. YELAMANCHILI SIVAJI : He is not giving a correct reply. (*Interruptions*). It is not a fact.

SHRI PRANAB MUKHERJEE : Sir, let me complete. There is no excise duty on the part of the very product which is being exported. The hon. Member is aware of it. The imposition of excise duty has never been done in that method. It is taking into account the cost of manufacture. Either it is a specific rate of duty or an *ad valorem* rate of duty. That is a time-honoured custom of imposing duty.

Shri V. NARAYANASAMY : The purport of the question by the hon. Member is to know the total cost of production and the income which the farmer gets and by virtue of it, when the excise duty is imposed, what is the amount the Government is getting ? He wanted to know that distinction between the two. To my mind know it is not possible to know this distinction. I also agree with the hon. Member on this score. I would congratulate the hon. Minister for taking... (*Interruptions*). Kindly hear me.

SHRI KAMAL MORARKA : Why do you congratulate the Minister ?

SHRI V. NARAYANASAMY : Why are you in a hurry ? Why don't you hear me ? (*Interruptions*)

MR. CHAIRMAN : I ask you to put a question.

SHRI V. NARAYANASAMY : I am putting my question, Sir, The Russian market, which was consuming most of the Indian tobacco had completely closed its door. Because of the efforts made by the hon. Minister a technical credit

was extended. Now, the tobacco manufacturers are able to export tobacco from our country to Russia. The market has been opened because of the efforts of the hon. Minister. Because of this I wanted to congratulate the hon. Minister.

MR. CHAIRMAN : Now, come to the question.

SHRI V. NARAYANASAMY : I am coming to the question, Sir.

MR. CHAIRMAN : No. Are you going to sit down after congratulating the Minister ?

SHRI V. NARAYANASAMY : There is another area. Where production is more, there is glut in the market and the farmers are not able to get good prices for the tobacco which is grown in Andhra Pradesh and in other parts of the country. We had been exporting tobacco in large quantity to China. Sir, that market has been closed now because of the fraud committed by some of our exporters to China. I would like to know from the hon. Minister whether the Government is taking any efforts for reopening the market so that more exports will be there and the farmers, the manufacturers, will be benefited. Have they taken any steps for that ?

SHRI PRANAB MUKHERJEE : Mr. Chairman, Sir, there are two ways. One is that we can explore the possibilities of getting more markets for our tobacco. So far as China is concerned, China is also an important producer. I think it is the first in producing large quantities of tobacco. The USA is the second and Brazil is the third. Our emphasis should be more on exporting manufactured items, particularly cigarettes. But even in that area, health consciousness and all those things are there. The other day, an hon. Member suggested that we should discourage tobacco production. I am going back again to the question of excise duty. It is not possible that the growers do not get any benefit. The States do get 45 per cent of the excise duty collected. The States do get their share and 45 per cent of the total excise duty, including the excise duty levied on cigarettes, is distributed among the States.

SHRI MENTAY PADMANABHAM : Sir, the Minister, in his reply, has stated that the average price realisation is about Rs. 30.503 per Kg. It is doubtful whether this calculation is right because the experience of the farmers who sell their tobacco through the auction platforms is totally different. I do not know how he arrived at this average. Anyway, the Tobacco Board is there to regulate tobacco production and also to see that farmers get remunerative prices. In view of the recent changes in the policy of the Government—for example, the de-control of the phosphatic fertiliser which is widely used in tobacco production and the steep increase in the prices of pesticides, etc.—I would like to know whether the average prices which, the Minister says, the farmers are getting, is remunerative. Is it remunerative in view of the escalating prices of inputs for tobacco production ? Did the Ministry have any feedback from the Tobacco Board ?

SHRI PRANAB MUKHERJEE : Sir, all these figures are given by the Tobacco Board. So far as the prices of tobacco are concerned, there is a Minimum Support Price which is being determined by the cost studies made by the Commission on Agricultural Costs and Prices. Then, as far as tobacco is concerned, there is another layer which is called the Minimum Guranteed Price. That Minimum Guranteed Price is being arrived at by the traders, the growers and the Tobacco Board. Then comes the third question about the price which the growers are getting from auction. The Rs. 30/- which I have referred to is the actual price they get from the auction platform and it is much above the Minimum Guranteed Price of Rs. 25/- and much above the Minimum Support Price which is around Rs. 17/-.

SHRI GOPALSINH G. SOLANKI : Sir, there are so many tobacco products, particularly in Gujarat. The products of tobacco are well-known. But when tobacco is purchased by merchants from the growers, the purchase is made on some conditions, particularly on the condition that they will be paid after one or two years. Thereby, the merchants are making money. Many suits are pending decision in this respect in courts. There-

fore, I would like to know whether the Government is thinking of any system whereby the growers may get the money for their products directly.

SHRI PRANAB MUKHERJEE : The Tobacco Board is there.

SHRI GOPALSINH G. SOLANKI : For example, there is a product known as nicotine from tobacco. What is the excise duty per tonne on nicotine ?

SHRI PRANAB MUKHERJEE : For the last question of excise duty per tonne of nicotine, I require notice, Sir. I do not have any information about the excise duty per tonne of nicotine. So far as the problem of growers is concerned, the growers are also represented on the Tobacco Board. The Tobacco Board has constant interaction with the growers. The basic problem where the growers sometimes suffer is that they do not listen to the advice of the Tobacco Board and other organisations, who are, through various publicity media, giving the actual demand projection and production projection. So if the production is tailored with the demand, this type of situation could be avoided and that is an exercise we are making constantly.

DECANALISATION OF EXPORT OF MILK PRODUCTS

*423. SHRI GHUFRAN AZAM : †
SHRI SURESH KALMADI :

Will the Minister of COMMERCE be pleased to state :

(a) whether it is a fact that Government propose to decanalise the export of milk products like butter, powder milk, infant milk food and pure ghee;

(b) if so, what are the details thereof and the reasons therefor; and

(c) by when the new scheme is likely to be implemented ?

†The question was actually asked on the floor of the House by Shri Ghufran Azam.

THE MINISTER OF STATE IN THE MINISTRY OF CIVIL SUPPLIES, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION WITH ADDITIONAL CHARGE OF THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE (SHRI KAMALUDDIN AHMED) : (a) No, Sir.

(b) and (c) Does not arise.

श्री गुफरान आजम : महोदय, मैं माननीय मंत्री जी से यह पूछना चाहता हूं कि दूध से बनी हुई किसी भी वस्तु का हमने किसी भी कंपनी को एक्सपोर्ट करने के लिए क्या कोई लाइसेंस दिया है ? यदि हां, तो पिछले तीन वर्षों में हमने उससे कितना फारेन एक्सचेंज कमाया है ?

THE MINISTER OF COMMERCE (SHRI PRANAB MUKHERJEE) : Sir, so far as milk and milk products are concerned, this is being canalised through the NDDB and I have some figures in respect of the milk and milk products which have been exported by the NDDB, which is the canalising agency. The total quantum of export which we made in 1990-91 was like this. Four milk products were exported and the value of export in U.S. dollars for 1990-91 was 4 million. In 1991-92, it was 3.5 million U.S. dollars and in 1992-93—it is not for the full year—it is 2.84 million U.S. dollars.

श्री गुफरान आजम : मैं माननीय मंत्री जी से यह पूछना चाहता हूं कि क्या हमारा देश दूध में सेल्फ-सफिशेंट हो गया है, जो हम नेशनल डेयरी डिवेलपमेंट बोर्ड के थ्रू दूध एक्स पोर्ट करते हैं ? पिछले तीन वर्षों में एन. डी. डी. बी. ने किन-किन चीजों को एक्सपोर्ट किया और कितना फारेन एक्सचेंज कमाया और बाहर से जो हमने दूध लिया, उसके लिए कितना फारेन एक्सचेंज दिया ?

SHRI PRANAB MUKHERJEE : Sir, it is true that we are not self-sufficient in milk and milk products and that is why it has been canalised so that there is no unrestricted export. Apart from that, we have some agreement with the EEC under "Operation Flood" and particularly the milk products which we receive from the